Government and Government-controlled responses to the monetary problems there.

Raising taxes and implementing wage and price controls were not part of our electorate's message last year, and I am not supportive of financing those problems in other countries.

There are options to resolving the monetary crisis in Mexico and they need to be fully considered. I hope that we will have a full review of this issue, and take a path that will lead toward a solution, not a Band-Aid for Mexico.

## DYNAMIC REVENUE ANALYSIS

Mr. ABRAHAM. Mr. President, a few weeks ago I sat through a hearing of the House and Senate Budget Committees on the issue of dynamic and static revenue estimating. At this hearing, the staff of the Joint Committee on Taxation presented a statement that seemed particularly concerned about an article that Bruce Bartlett of the Alexis de Tocqueville Institution had published in the Wall Street Journal a few weeks ago. Since I know Mr. Bartlett personally, I was especially interested in what he had to say.

Apparently what the Joint Committee staff is most concerned about was Mr. Bartlett's discussion of an exchange Senator PACKWOOD, the chairman of the Finance Committee, had had with the Joint Tax Committee regarding the revenue effect of raising the top tax rate to 100 percent on those earning more than $200,000. According to Senator PACKWOOD, the Joint Committee had predicted some $200 billion per year in additional revenues from this tax change. Senator PACKWOOD rightly characterized this estimate as questionable.

Now, according to the Joint Committee staff, there was nothing wrong with this estimate because it included a caveat that it did not take into account any behavioral response. They then included in an appendix to the statement a complete set of correspondence between Senator PACKWOOD and the Joint Tax Committee on this matter. Apparently, the Senator from Oregon has had a long time interest in this issue and has periodically asked the Joint Committee to update its estimates.

I do not believe that simply appending a caveat is at all adequate. The fact is that a 100-percent tax rate would raise zero revenue and everyone knows it.

If this were merely an academic discussion, it would not concern me. But under the budget laws and established practice, we are required to treat these estimates from the Joint Committee as if they are scientific truth. And we all know that these estimates carry enormous weight when it comes to legislating changes in the Tax Code. If the Joint Committee says a tax cut will lose $101 million and there is only room in the budget for a $100 million tax cut, then you are out of luck. A point of order will prevail and your tax proposal is out the window.

Now, I had always assumed that the whole point of having revenue estimates on tax bills was so that we could project the actual effect of tax changes on the Government's aggregate revenues as accurately as possible. Yet here we have clear evidence that the Joint Committee has produced estimates for the chairman of the Finance Committee that do not fully account for behavioral changes.

I am very concerned about this because the Joint Committee on Taxation probably produces hundreds of estimates during the course of a year that effectively have the force of law. Even the Treasury Department's estimates do not have the same weight as those produced by the Joint Committee, because the Congress will always defer to its own staff in a dispute with the administration. It makes me wonder what other caveats are buried in these estimates that have not gotten any attention in the past.

In any case, the sensible thing would seem to be for the Joint Committee to produce estimates that it actually believes are as correct as possible, in terms of the actual effect on the Government's revenues of any changes in tax policy.

Apparently, this matter of improving the quality of revenue estimates has become a political issue, with those opposed to certain tax proposals standing firm against any dynamic scoring. This is apparent from the article I read in the Wall Street Journal, in which the chairman of the President's Council of Economic Advisers, Laura D'Andrea Tyson, also attacks my friend Bruce Bartlett for noting several instances in which the Joint Committee's estimates for tax increases were far too high.

Ms. Tyson states that Mr. Bartlett ignored the many times their estimates were too low, as though this constitutes a defense of the Joint Committee's methodology. However, it seems to me that being too low is just as bad as being too high.

Ms. Tyson further notes that the Joint Committee's estimates were somethings wrong because of unforeseen events. She implies that the collapse of oil prices in the early 1980's was such an unforeseen event that made the Joint Committee's estimate of the windfall profits tax be far too high. In fact, as I recall, there were a number of economists at that time who were arguing that decontrol of the price of oil was very likely to reduce the price of oil by encouraging additional drilling and exploration. In fact, I believe that this is exactly what did happen.

Lastly, Ms. Tyson indicates that the reason why corporate tax revenues fell after the Tax Reform Act of 1986, rather than rise in accordance with Joint Committee estimates, is because corporations ceased doing business as corporations and began operating as partnerships or subchapter S corporations. Thus the revenue that was lost on the corporate side was made back on the individual side.

The point here is that the 1986 act lowered the top individual income tax rate below the top corporate rate. I think most tax lawyers could have easily predicted that this would lead people to take advantage of this differential by reorganizing their businesses so as to be taxed at the individual rate rather than the corporate rate.

While it may be true, as Ms. Tyson says, that the Treasury did not actually suffer that much of a net revenue loss, it still does not explain the Joint Committee's apparent estimating errors.

Personally, as a legislator, I want the best possible information before I make a decision. I think the Joint Committee and the Congressional Budget Office should at least explore the possibility of preparing dynamic revenue estimates. Their revenue estimating models should be improved and updated to account more fully for changes in behavior and economic growth. Perhaps a commission comprised of public and private sector experts could be established to recommend reforms in the revenue estimating process.

I would suggest we keep the current static revenue scoring, but require the Joint Committee to provide a range of possible dynamic revenue estimates for major tax bills for illustrative purposes only. After a period of time, we could compare the static and dynamic estimates to see which ones came closer to reality.

As a member of the Senate Budget Committee this is a matter I intend to follow closely as time goes by. My only interest, as I said, is to get the best, most accurate, information possible. I yield the floor.

## KENNEWICK SCHOOL DISTRICT

Mrs. MURRAY. Mr. President, I rise today to congratulate the Kennewick schools and their community for being recognized by the Center for Workplace Preparation as 1 of 21 most effective national programs working to involve parents in education. We all recognize the vital role parents have in the social, physical, and psychological growth of our children. Unfortunately, whether by choice, due to other commitments or a lack of communication between parents, children, and the school, parents are all too often excluded from school activities. Our schools recognize that if we are going to effectively deal with the problems in our classrooms, we need a higher level of parental involvement. Fortunately, many of our parents realize they have to become more involved in the education of their children and have collaborated with their schools to develop programs which meet the needs of the families, the schools and the community.